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**Housing Authority of  
St. John the Baptist Parish  
LaPlace, Louisiana**

General Purpose Financial Statements and  
Independent Auditors Reports  
As of and for the Year Ending September 30, 2000  
With Supplemental Information Schedules

*WILLIAM DANIEL McCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION*

415 MAGNOLIA LANE  
MANDEVILLE, LOUISIANA 70471

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 05/16/01

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**St. John the Baptist Parish**  
**LaPlace, Louisiana**

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Release Date 05/16/01

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**WILLIAM DANIEL McCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE  
MANDEVILLE, LOUISIANA 70471

TELEPHONE NUMBER (504) 845-7772  
FAX NUMBER (504) 845-1313  
CELL NUMBER (504) 807-6498  
E-MAIL DANNYMAC@CMQ.COM

MEMBER OF:  
MISSISSIPPI SOCIETY OF CPA'S  
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**INDEPENDENT AUDITOR'S REPORT  
DISCLAIMER OF OPINION ON GENERAL PURPOSE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES**

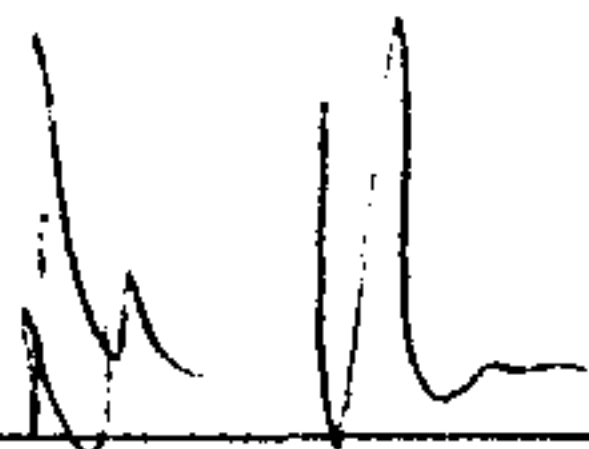
Board of Commissioners  
Housing Authority of St John the Baptist Parish  
LaPlace, Louisiana

We were engaged to audit the accompanying general purpose financial statements, Schedule of Expenditures of Federal Awards, and Financial Data Schedules of the Housing Authority of St John the Baptist Parish (PHA) as of and for the year ended September 30, 2000, as listed in the table of contents. These general purpose financial statements and accompanying schedules are the responsibility of the PHA's management.

We were unable to appropriately confirm 1) material expenditures, 2) tenant accounting, and 3) material account balances, because the PHA did not provide adequate documentation. Additional scope limitations included the absence of some Board Minutes and all Executive Session Minutes and a lack of reasons for negative responses to the Systems Survey and Compliance Questionnaire. These are fully described in the schedule of current findings and questioned costs. We were unable to satisfy ourselves about existence or occurrence, completeness, obligations, and presentation and disclosure by means of other auditing procedures.

Because we were unable to appropriately confirm 1) material expenditures, 2) tenant accounting, and 3) material account balances, we were not provided copies of all Board Minutes and no Executive Session Minutes and because of a lack of reasons for negative responses to the Systems Survey and Compliance Questionnaire and we were unable to apply other auditing procedures regarding existence or occurrence, completeness, obligations, and presentation and disclosure as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion of the financial statements and accompanying schedule of expenditure of federal awards and financial data schedules referred to in the first paragraph.

This report is intended solely for the information and use of the Board of Commissioners of the PHA, and for filing with the Department of HUD and should not be used for any other purpose.

A handwritten signature in black ink, appearing to read 'W. McCaskill', positioned above a horizontal line.

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

April 19, 2001

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana  
Combined Balance Sheet - All Funds  
As of September 30, 2000**

EXHIBIT A  
Page 1 of 1

Assets

Current Assets:

Cash and Cash Equivalents	\$ 608
Total Accounts Receivable, Net of Allowance for Doubtful Accounts	311,796
Interprogram Due From	202,682
Prepaid Expenses and Other Assets	68,350
Total Current Assets	<u>\$ 583,436</u>

Noncurrent Assets:

Total Fixed Assets, Net of Accumulated Depreciation	\$ 7,772,845
Other Assets	\$ -
Total Noncurrent Assets	<u>\$ 7,772,845</u>

Total Assets	<u><u>\$ 8,356,281</u></u>
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Liabilities and Equity

Current Liabilities:

Accrued Wages / Payroll Taxes	\$ 66,106
Accounts Payable < 90 Days	60,856
Accounts Payable - HUD PHA Programs	90,402
Tenant Security Deposits	57,600
Interprogram Due To	202,682
Total Current Liabilities	<u>\$ 477,646</u>

Total Noncurrent Liabilities	-
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Total Liabilities	\$ 477,646
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Equity:

Contributed Capital	\$ 7,772,844
Unreserved Fund	105,791
Total Equity	<u>\$ 7,878,635</u>

Total Liabilities and Equity	<u><u>\$ 8,356,281</u></u>
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**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**  
**Combined Statement of Revenue, Expenses, and Change in Equity - All Funds  
For Fiscal Year Ending September 30, 2000**

EXHIBIT B  
Page 1 of 1

<b>Revenues:</b>	
Net Tenant Rental Revenue	\$ 294,645
HUD PHA Grants	1,442,229
Other Government Grants	-
Investment Income - Unrestricted	16,157
Other Revenue	14,090
Total Revenues	<u>\$ 1,767,121</u>
<b>Operating Expenses:</b>	
Administrative	\$ 635,665
Tenant Services	19,147
Utilities	296,661
Ordinary Maintenance & Operations	918,730
Protective Services	234
Other General Expenses	126,811
Total Operating Expenses Before Depreciation	<u>\$ 1,997,248</u>
Excess Revenue Over Expenses Before Depreciation	\$ (230,127)
Housing Assistance Payments	434,973
Depreciation Expense	347,727
Operating Transfers - In	-
Operating Transfers - Out	-
Net Operating Income (Loss) After Depreciation	<u><u>\$ (1,012,827)</u></u>
Beginning Equity September 30, 1999	\$ 8,861,807
Net Operating Income (Loss) After Depreciation	(1,012,827)
Prior Period Adjustments	29,655
Capital Outlays	-
Ending Equity September 30, 2000	<u><u>\$ 7,878,635</u></u>

See notes to financial statements

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana  
Combined Statement of Cash Flows - All Funds  
For Fiscal Year Ending September 30, 2000**

**EXHIBIT C  
Page 1 of 1**

We were not able to complete this exhibit because of the scope limitations described in the Findings and Questioned Costs section.

See notes to financial statements



# Housing Authority of St. John the Baptist Parish

LaPlace, Louisiana

EXHIBIT D

Page 1 of 1

## Combined Statement of Revenues & Expenditures - Budget vs. Actual Low Rent, Voucher, and Certificate Programs For Fiscal Year Ending September 30, 2000

	Low Rent Public Housing			Section 8 Voucher Program			Section 8 Certificate Program		
	Budget (HUD 52599)	Actual (Sch 3, Col B)	Variance Actual-Budget Over (Under)	Budget (HUD 52599)	Actual (Sch 3, Col H)	Variance Actual-Budget Over (Under)	Budget (HUD 52599)	Actual (Sch 3, Col I)	Variance Actual-Budget Over (Under)
<b>Revenues</b>									
Local Sources:									
Total Tenant Rental Revenue	\$ 295,600	\$ 286,254	\$ (9,346)				\$ -	\$ -	\$ -
Investment Income - Unrestricted	28,540	16,157	(12,383)						
Receipts from Sale of Equipment									
Other Revenue	12,550	19,535	6,985						
Federal Sources:									
Operating Subsidy / HUD PHA Grants	855,214	855,214	-	235,320	173,595	(61,725)	219,205	311,604	92,399
Annual Contributions									
<b>Total Revenues</b>	<b>\$ 1,191,904</b>	<b>\$ 1,177,160</b>	<b>\$ (14,744)</b>	<b>\$ 235,320</b>	<b>\$ 173,595</b>	<b>\$ (61,725)</b>	<b>\$ 219,205</b>	<b>\$ 311,604</b>	<b>\$ 92,399</b>
<b>Expenditures</b>									
Administrative	\$ 282,470	\$ 419,725	\$ 137,255	\$ 25,965	\$ 35,349	\$ 9,384	\$ 23,080	\$ 21,695	\$ (1,385)
Tenant Services	9,960	19,147	9,187						
Utilities	345,240	296,660	(48,580)						
Ordinary Maintenance & Operations	444,020	830,521	386,501						
Employee Benefit Contributions	112,980	137,007	24,027					1,392	1,392
Other General Expenses	130,870	126,629	(4,241)						
Payments in Lieu of Taxes									
Nonroutine Maintenance	65,050	4,360	(60,690)						
Capital Expenditures	89,700	29,498	(60,202)						
Housing Assistance Payments				207,630	146,449	(61,181)	194,400	288,524	94,124
<b>Total Expenditures</b>	<b>\$ 1,480,290</b>	<b>\$ 1,863,547</b>	<b>\$ 383,257</b>	<b>\$ 233,595</b>	<b>\$ 181,798</b>	<b>\$ (51,797)</b>	<b>\$ 217,480</b>	<b>\$ 311,611</b>	<b>\$ 94,131</b>
<b>Excess Revenues (Deficiency) Over Expenses</b>	<b>\$ (288,386)</b>	<b>\$ (686,387)</b>	<b>\$ (398,001)</b>	<b>\$ 1,725</b>	<b>\$ (8,203)</b>	<b>\$ (9,928)</b>	<b>\$ 1,725</b>	<b>\$ (7)</b>	<b>\$ (1,732)</b>

See notes to financial statements

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***NOTES TO THE FINANCIAL STATEMENTS***

Housing Authorities are chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of St John the Baptist Parish, Louisiana. This creation was contingent upon the local governing body of the city, county, or parish as applicable. A seven member Board of Commissioners governs the PHA. The members, appointed by the Parish Council, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PHA for the purpose of assisting the PHA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PHA for the purpose of maintaining this low rent character.

***NOTE A - FINANCIAL REPORTING:***

**(1) Financial Reporting Entity**

Generally accepted accounting principles require that the financial statements present the accounts and operations of the PHA and its component units, entities for which the PHA is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the PHA's operations and data from these units, if any are combined with data of the PHA. Each discretely presented component, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the PHA. As of September 30, 2000, and for the fiscal then ended, the PHA had no discretely presented component units or any component units that are required to be blended in these financial statements.

**(2) Accounting Principle**

The PHA uses the governmental GAAP enterprise method of accounting.

The enterprise method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The enterprise method recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable.

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

Depreciation expense must be recognized for the enterprise method of accounting. Under the HUD regulatory method of accounting, depreciation was not recognized.

The PHA applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**(3) Budgetary Data**

The PHA is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

**(4) Cash and Cash Equivalents**

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

**(5) Tenant Receivables**

Receivables for rental and service charges are reported in the General Fund, net of allowances for doubtful accounts.

**(6) Compensated Absences**

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

***NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS:***

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 2000. The categories are described as follows:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3: Uncollateralized, uninsured and unregistered, but with securities held by the bank, its agent, pledged to the PHA, but not in the PHA's name.



**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category 1	Category 2	Category 3
\$ 608	\$ 608	\$ -0-	\$ -0-

*NOTE C - ACTIVITIES OF THE PHA:*

At September 30, 2000, the PHA was managing a Public Housing Low Rent program and a Comprehensive Grant program, Section 8 Rental Voucher and Rental Certificate programs, and a Public and Indian Housing Drug Elimination program.

*NOTE D - CONTINGENCIES:*

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

The PHA is involved in two (2) matters of litigation. The attorney representing the PHA indicates that both matters may be near resolution and that the likely potential liability to the PHA, if any, is difficult to estimate. Accordingly, no contingent liability has been recorded on the general ledger for this litigation.

*NOTE E - FIXED ASSETS:*

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Site improvements	15 Years
Buildings	33 Years
Building improvements	15 Years
Equipment	5-7 Years

Low Rent	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Land	\$ 171,875	\$ 0	\$ 0	\$ 171,875
Buildings	\$ 12,042,643	\$ 310,029	\$ 6,031,271	\$ 6,011,372
Furniture & Equipment	\$ 1,065,795	\$ 12,981	\$ 469,974	\$ 595,821
Leasehold Improvements	\$ 1,483,502	\$ 24,717	\$ 1,109,971	\$ 373,531
TOTAL	\$ 14,763,815	\$ 347,727	\$ 7,611,216	\$ 7,152,599

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

The capitalization limit is \$5,000.

All land and building are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

*NOTE F - LONG-TERM DEBT:*

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the authority, and accordingly, have not been reported in the accompanying financial statements. The amount of this debt that has been reclassified to HUD Equity is \$ 1,553,157.

*NOTE G - RETIREMENT PLAN:*

The entity provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six-month exclusionary period. The employee contributes 5% and the entity contributes 8% of the employee's base monthly salary. The entity's contributions for each employee (and interest allocated to the employee's account) vest at 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll for the fiscal year ending September 30, 2000 was \$530,780. The entity's contributions were calculated using the base salary amount of \$530,780. Contributions to the plan were \$26,539 and \$42,462, by the employees and the entity, respectively.

*NOTE H - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS:*

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

*NOTE I - USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*NOTE J -- PRIOR PERIOD ADJUSTMENTS*

	Public Housing Low Rent	Public Housing Comprehensive Grant Program	Total
Reclassify Fees & Costs		\$ 41,943	\$ 41,943
Property Correction	\$ (12,288)		\$ (12,288)
Total	\$ (12,288)	\$ 41,943	\$ 29,655

*NOTE K -- INTERFUND RECEIVABLES / PAYABLES:*

Program	Debit.	Credit
Low Rent Public Housing	\$ 149,160	
Section 8 Rental Voucher Program	\$ 53,522	
Public Housing Comprehensive Grant Program		\$ 150,615
Section 8 Rental Certificate Program		\$ 52,067
Total	\$ 202,682	\$ 202,682

*NOTE L - COMPENSATED ABSENCES:*

At September 30, 2000, employees of the PHA have accumulated and vested \$12,290 of employee-leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at September 30, 2000 was \$12,290.

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana  
Expenditures of Federal Awards  
For Fiscal Year Ending September 30, 2000**

SCHEDULE I  
Page 1 of 1

<i>CFDA #</i>	<i>Name of Federal Program</i>	<i>Federal Award Expenditure</i>
14.850a	Low Rent Public Housing	\$ 855,214
14.854	Public and Indian Housing Drug Elimination Program	83,506
14.855	Section 8 Rental Voucher Program	173,595
14.857	Section 8 Rental Certificate Program	311,604
14.859	Public Housing Comprehensive Grant Program	18,310
	Total Federal Expenditures	<u>\$ 1,442,229</u>

See notes to financial statements



**Housing Authority of St. John the Baptist Parish**  
**LaPlace, Louisiana**  
**Combining Balance Sheet - All Funds**  
**As of September 30, 2000**

SCHEDULE II  
Page 1 of 2

	<u>Public Housing</u>		<u>Section 8 Programs</u>		
	<u>Low</u>		<u>Rental</u>	<u>Rental</u>	<u>Total</u>
	<u>Rent</u>	<u>GCP</u>	<u>Voucher</u>	<u>Certificate</u>	
<u>Assets</u>					
Current Assets:					
Cash - Unrestricted	\$ 608	\$ -	\$ -	\$ -	\$ 608
Cash - Restricted	-	-	-	-	-
Total Cash	\$ 608	\$ -	\$ -	\$ -	\$ 608
Accounts Receivable - PHA Projects	\$ -	\$ 150,615	\$ -	\$ 150,338	\$ 300,953
Accounts Receivable - Tenants Dwelling Rents	14,020	-	-	-	14,020
Allowance for Doubtful Accounts - Dwelling Rents	(3,177)	-	-	-	(3,177)
Total Accounts Receivable, Net of Allowance	\$ 10,843	\$ 150,615	\$ -	\$ 150,338	\$ 311,796
Interprogram Due From	\$ 149,160	\$ -	\$ 53,522	\$ -	\$ 202,682
Prepaid Expenses and Other Assets	68,350	-	-	-	68,350
Inventories	-	-	-	-	-
Total Other Assets	\$ 217,510	\$ -	\$ 53,522	\$ -	\$ 271,032
Total Current Assets	\$ 228,961	\$ 150,615	\$ 53,522	\$ 150,338	\$ 583,436
Noncurrent Assets:					
Land	\$ 171,875	\$ -	\$ -	\$ -	\$ 171,875
Buildings	12,443,672	-	-	-	12,443,672
Furniture, Equipment & Machinery - Dwellings	256,339	-	-	-	256,339
Furniture, Equipment & Machinery - Administration	408,428	-	-	-	408,428
Leasehold Improvements	1,483,501	-	-	-	1,483,501
Accumulated Depreciation	(7,611,216)	-	-	-	(7,611,216)
Construction In Progress	-	620,246	-	-	620,246
Total Fixed Assets, Net of Accumulated Depreciation	\$ 7,152,599	\$ 620,246	\$ -	\$ -	\$ 7,772,845
Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Total Noncurrent Assets	\$ 7,152,599	\$ 620,246	\$ -	\$ -	\$ 7,772,845
Total Assets	\$ 7,381,560	\$ 770,861	\$ 53,522	\$ 150,338	\$ 8,356,281

See notes to financial statements

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana  
Combining Balance Sheet - All Funds  
As of September 30, 2000**

SCHEDULE II  
Page 2 of 2

	<u>Public Housing</u>		<u>Section 8 Programs</u>		
	<u>Low</u>		<u>Rental</u>	<u>Rental</u>	
	<u>Rent</u>	<u>GCP</u>	<u>Voucher</u>	<u>Certificate</u>	<u>Total</u>
<u>Liabilities and Equity</u>					
Current Liabilities:					
Accrued Compensated Absences	\$ 12,290	\$ -	\$ -	\$ -	\$ 12,290
Accrued Wage/Payroll Taxes Payable	53,816	-	-	-	53,816
Accounts Payable < 90 Days	60,856	-	-	-	60,856
Accounts Payable - HUD PHA Programs	-	-	61,725	28,677	90,402
Tenant Security Deposits	57,600	-	-	-	57,600
Current Portion of LT Debt - Capital Projects	-	-	-	-	-
Accrued Liabilities - Other	-	-	-	-	-
Interprogram Due To	-	150,615	-	52,067	202,682
Total Current Liabilities	\$ 184,562	\$ 150,615	\$ 61,725	\$ 80,744	\$ 477,646
Noncurrent Liabilities:					
Long-term Debt, Net of Current - Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -
Noncurrent Liabilities - Other	-	-	-	-	-
Total Noncurrent Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ 184,562	\$ 150,615	\$ 61,725	\$ 80,744	\$ 477,646
Equity:					
Project Notes (HUD)	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term Debt - HUD Guaranteed	1,553,157	-	-	-	1,553,157
Net HUD PHA Contributions	5,599,441	620,246	-	-	6,219,687
Other Contributions	-	-	-	-	-
Total Contributed Capital	\$ 7,152,598	\$ 620,246	\$ -	\$ -	\$ 7,772,844
Undesignated Fund Balance/Retained Earnings	\$ 44,400	\$ -	\$ (8,203)	\$ 69,594	105,791
Total Equity	\$ 7,196,998	\$ 620,246	\$ (8,203)	\$ 69,594	\$ 7,878,635
Total Liabilities and Equity	\$ 7,381,560	\$ 770,861	\$ 53,522	\$ 150,338	\$ 8,356,281

See notes to financial statements

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

SCHEDULE III

Page 1 of 2

**Combining Statement of Revenue, Expenses, and Change in Equity - All Funds  
For Fiscal Year Ending September 30, 2000**

	<u>Public Housing</u>		<u>PIH</u>	<u>Section 8 Programs</u>		
	<u>Low</u>		<u>Drug</u>	<u>Rental</u>	<u>Rental</u>	<u>Total</u>
	<u>Rent</u>	<u>GCP</u>	<u>Elimination</u>	<u>Voucher</u>	<u>Certificate</u>	
Revenues:						
Net Tenant Rental Revenue	\$ 286,254	\$ -	\$ -	\$ -	\$ -	\$ 286,254
Net Tenant Revenue - Other	8,391	-	-	-	-	8,391
Total Tenant Rental Revenue	\$ 294,645	\$ -	\$ -	\$ -	\$ -	\$ 294,645
HUD PHA Grants	\$ 855,214	\$ 18,310	\$ 83,506	\$ 173,595	\$ 311,604	\$ 1,442,229
Other Government Grants	-	-	-	-	-	-
Investment Income - Unrestricted	16,157	-	-	-	-	16,157
Other Revenue	14,090	-	-	-	-	14,090
Total Other Revenue	\$ 885,461	\$ 18,310	\$ 83,506	\$ 173,595	\$ 311,604	\$ 1,472,476
Total Revenue	\$ 1,180,106	\$ 18,310	\$ 83,506	\$ 173,595	\$ 311,604	\$ 1,767,121
Operating Expenses:						
Administrative Salaries	\$ 185,000	\$ -	\$ -	\$ 17,114	\$ 12,566	\$ 214,680
Auditing Fees	9,550	-	-	450	-	10,000
Compensated Absences	(16,340)	-	-	-	-	(16,340)
Employee Benefit Contributions-Administrative	56,106	-	-	1,983	1,392	59,481
Other Operating - Administrative	241,514	18,310	83,506	15,652	8,862	367,844
Tenant Services-Salaries	8,939	-	-	-	-	8,939
Protective Services other contract cost	234	-	-	-	-	234
Tenant Services-Other	10,208	-	-	-	-	10,208
Water	146,810	-	-	-	-	146,810
Electricity	42,392	-	-	-	-	42,392
Gas	89,753	-	-	-	-	89,753
Other Utilities Expense	17,706	-	-	-	-	17,706
Ordinary Maintenance & Operations-Labor	307,161	-	-	-	-	307,161
Ordinary Maintenance & Operations-Materials	185,830	-	-	-	-	185,830
Ordinary Maintenance & Operations-Contract	337,531	-	-	-	-	337,531
Employee Benefit Contributions-Maintenance	80,901	-	-	-	-	80,901
Insurance Premiums	76,413	-	-	150	266	76,829
Other General Expenses	46,477	-	-	-	-	46,477
Payments in Lieu of Taxes	-	-	-	-	-	-
Bad Debt - Tenant Rents	3,505	-	-	-	-	3,505
Interest Expense	-	-	-	-	-	-
Total Operating Expenses Before Depreciation	\$ 1,829,690	\$ 18,310	\$ 83,506	\$ 35,349	\$ 23,086	\$ 1,989,941

See notes to financial statements

LaPlace, Louisiana

Page 2 of 2

**Combining Statement of Revenue, Expenses, and Change in Equity - All Funds  
For Fiscal Year Ending September 30, 2000**

	<u>Public Housing</u>		<u>PIH</u>	<u>Section 8 Programs</u>		
	<u>Low</u>		<u>Drug</u>	<u>Rental</u>	<u>Rental</u>	<u>Total</u>
	<u>Rent</u>	<u>GCP</u>	<u>Elimination</u>	<u>Voucher</u>	<u>Certificate</u>	
Excess Revenue Over Expenses Before Depreciation	\$ (649,584)	\$ -	\$ -	\$ 138,246	\$ 288,518	\$ (222,820)
Extraordinary Maintenance	7,307	-	-	-	-	7,307
Housing Assistance Payments	-	-	-	146,449	288,524	434,973
Depreciation Expense	347,727	-	-	-	-	347,727
Operating Transfers - In	-	-	-	-	-	-
Operating Transfers - Out	-	-	-	-	-	-
Net Operating Income (Loss) After Depreciation	<u>\$ (1,004,618)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,203)</u>	<u>\$ (6)</u>	<u>\$ (1,012,827)</u>
Beginning Equity September 30, 1999	\$ 8,213,904	\$ 578,303	\$ -	\$ -	\$ 69,600	\$ 8,861,807
Net Operating Income (Loss) After Depreciation	(1,004,618)	-	-	(8,203)	(6)	(1,012,827)
Prior Period Adjustments	(12,288)	41,943	-	-	-	29,655
Capital Outlays Enterprise Fund	-	-	-	-	-	-
Ending Equity September 30, 2000	<u>\$ 7,196,998</u>	<u>\$ 620,246</u>	<u>\$ -</u>	<u>\$ (8,203)</u>	<u>\$ 69,594</u>	<u>\$ 7,878,635</u>

See notes to financial statements

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana  
Per Diem Paid to Commissioners  
For Fiscal Year Ending September 30, 2000**

**Schedule IV  
Page 1 of 1**

Stella Borne	\$ 840
Donald Brown	240
Pedro Fransico	840
Sheila Morris	480
Reverend Alexander White	840
Eula Young	840
	<hr/>
	<u>\$ 4,080</u>

See notes to financial statements



**WILLIAM DANIEL McCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE  
MANDEVILLE, LOUISIANA 70471

TELEPHONE NUMBER (504) 845-7772  
FAX NUMBER (504) 845-1313  
CELL NUMBER (504) 807-6498  
E-MAIL DANNYMAC@CMQ.COM

MEMBER OF:  
MISSISSIPPI SOCIETY OF CPA'S  
LOUISIANA SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

Board of Commissioners  
Housing Authority of St John the Baptist Parish  
LaPlace, Louisiana

I was engaged to audit the general purpose financial statements of St John the Baptist Parish Housing Authority (PHA), as of and for the year ending September 30, 2000, and have issued my report thereon dated April 19, 2001. I did not express an opinion on the financial statements because we were unable to appropriately confirm 1) material expenditures, 2) tenant accounting, and 3) material account balances.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2000-1a through 2000-10a, 2000-13a, 2000-16a, and 2000-18a through 2000-26a.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable

conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the PHA's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2000-1a through 2000-10a, 2000-13a, 2000-16a, and 2000-18a through 2000-26a.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, of the reportable conditions described above, I consider items 2000-1a through 2000-10a, 2000-13a, 2000-16a, and 2000-18a through 2000-26a to be material weaknesses.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.



---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

April 19, 2001



**WILLIAM DANIEL McCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE  
MANDEVILLE, LOUISIANA 70471

TELEPHONE NUMBER (504) 845-7772  
FAX NUMBER (504) 845-1313  
CELL NUMBER (504) 807-6498  
E-MAIL DANNYMAC@CMQ.COM

MEMBER OF:  
MISSISSIPPI SOCIETY OF CPA'S  
LOUISIANA SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
Housing Authority of St John the Baptist Parish  
LaPlace, Louisiana

Compliance

I have audited the compliance of the Housing Authority of St John the Baptist Parish (PHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2000. The PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my audit of compliance in accordance with: generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

As described in items 2000-1 through 2000-26 in the accompanying schedule of findings and questioned costs, the PHA did not comply with requirements regarding activities allowed and unallowed, allowable cost/cost principles, cash management, eligibility, equipment and real property management, procurement, and reporting that are applicable to the PHA's Low Income Housing and Comprehensive Grants Program. Compliance with such requirements is necessary, in my opinion, for the PHA to comply with the requirements applicable to those programs.

#### Internal Control Over Compliance

The management of the PHA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the PHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design and operation of the internal control over compliance that, in my judgment, could adversely affect the PHA's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2000-1 through 2000-26.

A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 2000-1 through 2000-260 to be material weaknesses.

This report is intended for the information of the audit committee, management, and HUD. However, this report is a matter of public record and its distribution is not limited.



---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

April 19, 2001

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF PRIOR AUDIT FINDINGS***

The prior audit included the following findings that were not cleared:

- 99-1 The PHA had not reported to HUD the Management Assessment Subsystem report (MASS). This is repeated as finding 2000-17.
- 99-2 & 99-2a The PHA did not adequately control account 1128, Deposits Over and Under. This is repeated as finding 2000-18 and 2000-18a.
- 99-3 & 99-3a The PHA ran over budget in 5 Low Rent expense categories for a total of \$51,672. This is repeated as finding 2000-3 and 2000-3a.
- 99-4 & 99-4a The audit is late per State law. This is repeated as finding 2000-10 and 2000-10a.
- 99-5 The PHA has been paying the parish sheriff's department monies out of it's drug elimination program in addition to paying monies out of it's operating budget. This is repeated as finding 2000-13 and 2000-13a.
- 99-6 The PHA staff has not had access to the HUD system for receiving CGP grant monies since September 1999. This is repeated as finding 2000-22 and 2000-22a.
- 99-7 The prior audit management letter comments printed with the prior audit report included a comment that some members of the Board had been advanced travel monies but had not settled up with the PHA upon completion of the travel. During the current audit, we noted one instance where a board member was reimbursed \$33.65 without proper documentation attached. This is repeated as finding 2000-19 and 2000-19a.
- 99-8 & 99-8a Of the 38 transactions tested for expenditure documentation, 5 lacked proper documentation. The total tested was \$29,447.63 and the unsupported items amounted to \$3,799.79. This is repeated as finding 2000-1 and 2000-1a.

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF AUDIT ADJUSTING JOURNAL ENTRIES***

None



**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS***

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

- i. The report includes an disclaimer of opinion on the financial statements.
- ii. There were reportable conditions in internal controls found that are required to be disclosed at the financial statement level.
- iii. The audit disclosed noncompliance that is material to the financial statements.
- iv. Reportable conditions in internal control over major programs were disclosed by the audit.
- v. The compliance report issued for major programs was qualified.
- vi. The report disclosed audit findings required to be reported under Section 510a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

<u>CFDA#</u>	<u>Name of Program</u>
14.850a	Low Rent Public Housing
14.855	Section 8 Rental Voucher Program
14.857	Section 8 Rental Certificate Program

- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- ix. The auditee was not considered a low risk auditee.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

2. Finding relating to the financial statements required to be reported with GAGAS are as follows:

**Finding Number 2000-1a:**

Statement of Conditions—The PHA disbursed funds without adequate documentation. Of the transactions tested, we found \$974,998 of expenditures that we were not provided adequate documentation. Inadequate documentation included A) payments to individuals/corporations where there was no contract in file (and one should have been), B) payments where the documentation was a vendor statement rather than vendor invoices, C) sales tax was paid, and D) no documentation whatever provided.

Criteria—The PHA should only expend monies when adequate documentation is provided.

Effect—PHA staff simply paid vendors with no or inadequate documentation. The effect was a complete lack of control over expenditures.

PHA Response—See corrective action plan.

**Finding Number 2000-2a:**

Statement of Conditions—Authorized PHA check signers signed 205 checks in the amount of \$121,711.45 with 1 signature.

Criteria—Per PHA policy, 2 signatures are required for all checks.

Effect—PHA check signers ignored PHA policy. The effect was a lack of proper control over expenditures.

PHA Response—See corrective action plan.

**Finding Number 2000-3a:**

Statement of Conditions— The executive director overspent the Low Rent budget by 53% in category specific amounts. Category overruns were as follows:

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

Administrative Salaries	8,709
Legal	18,849
Travel	68,852
Accounting	1,066
Auditing	5,950
Sundry	158,836
Tenant Service Salaries	3,579
Tenant Service Contract Cost	8,608
Water	9,309
Electricity	18,651
Maintenance Labor	111,221
Materials	95,829
Contract Costs	200,486
Employee Benefits	24,027
Collection Losses	3,504
General Expense—No Documentation	<u>46,477</u>
Total Low Rent	783,953

The executive director overspent the CGP program budget for the 1998 program by \$26,937. This program has a zero tolerance regarding overruns.

The executive director overspent the 1998 PHDEP program budget by \$1,576.11 and the 1999 PHDEP program budget by \$14,004.55. This program has a zero tolerance regarding overruns.

Criteria—The executive director is only authorized to overspend the budget by 5% in any budget category.

Effect—The PHA seems to have expended monies with no regard to the board approved budget. The PHA violated State law and PHA policies.

PHA Response—See corrective action plan.



***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

**Finding Number 2000-4a:**

**Statement of Conditions—**

- A) A PHA staff member directed other staff to reimburse him in the amount of \$1,402.33 for a laptop computer. Staff indicates that the vendor was also paid directly for the same computer. Additionally, staff indicates that the computer is not at the PHA.
- B) Two PHA checks were cashed at a hotel front desk with no documentation in the amount of \$200.00.
- C) A PHA staff member hosted 2 unauthorized luncheons in the amount of \$827.77.
- D) A PHA staff member had staff pay him \$750.00 for supposed reimbursement to contractors without adequate documentation.
- E) A PHA staff member opened a PHA credit card account without board approval.
- F) The PHA executed an employment contract with an employee effective February 1, 2000. The contract calls for compensation in the amount of \$57,000 annually. During the period from February 1, 2000 and the staff member termination date of September 29, 2000, the staff member earned \$38,000 per the contract. Records supplied to us indicate that the staff member was paid \$50,475 in salary during this period. It appears that the staff member was overpaid by \$12,475 during this period.
- G) The employment agreement referred to above clearly designates the staff member as the "Employee" and the PHA as the "Employer." However, the staff member directed other staff to not withhold payroll taxes from his paychecks. For 2 quarters during the fiscal year his earnings were reported as payroll. The staff member was issued a 1099 as of 12-31-2000 in the amount of \$66,022.22. We were not furnished a W-2 for this staff member.
- H) The same employment agreement recited that the staff member would earn a total of 12 days of vacation time each calendar year. Since the employee worked 8

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

months under this contract, he apparently earned 8 days of vacation time. The staff member was paid a total of 15 days vacation during the contract period. It appears that the staff member was overpaid 7 days. Additionally, the staff member was paid vacation pay at the daily rate of \$306.96. We calculate that it should have been paid at the daily rate of \$219.23. It appears that the staff member was overpaid a total of \$2,850.88. It is also noted that we were provided no timesheets or records to otherwise document attendance on this staff member.

- I) On April 1, 2000 a staff member received an advance in the amount of \$1,000.00. He reimbursed the PHA this amount over the next 5 pay periods. State law does not allow advances.
- J) On September 1, 2000, a staff member had a check made out to a vendor in the amount of \$1,750.00. The vendor endorsed the check and then the PHA staff member endorsed the same check.

Criteria—Vendors should only be paid once for any expenditure. The PHA should control assets it acquires. No staff member should cash checks without proper documentation. The board should approve the opening of any account obligating the PHA. Staff should be paid at the rates approved. All employees should have proper payroll withholdings. Employees should be reported as such and not as independent contractors. Vacation pay should be at correct pay rates. The PHA should not pay advances to anyone.

Effect—It appears that State and Federal laws as well as PHA policies were violated.

PHA Response—See corrective action plan.

**Finding Number 2000-5a:**

Statement of Conditions—The PHA issued 53 checks in the amount of \$46,477.39 without providing any documentation to the fee accountant. The fee accountant was not even provided copies of the checks for these disbursements. THE CHECKS SIMPLY CLEARED THE BANK! The fee accountant coded these checks to general expenditures to properly include them in the expenditures and properly notified the auditor of this action so the auditor could address this situation during the audit.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

Criteria—Proper documentation should be provided the fee accountant for all expenditures.

Effect—The PHA did not properly document expenditures. The PHA violated State and Federal law and PHA policies and did not properly control assets.

PHA Response—See corrective action plan.

**Finding Number 2000-6a:**

Statement of Conditions—The PHA has not provided documentation for RFP and written contracts for A) PHA attorneys who were paid \$33,849.34, B) Executive Directors who were paid \$34,354.68, C) Sheriff Department Security Patrol who were paid \$87,330.00, D) Construction Work in the amount of \$5,890.00, E) Pest Control in the amount of \$6,700.00, and F) SEMAP Pre Confirmatory Review in the amount of \$9,500.00.

Criteria—The PHA should properly procure services including Requests for Proposals (RFP) and written contracts.

Effect—The PHA seemed to ignore all procurement requirements. This violated State and Federal law and PHA policies.

PHA Response—See corrective action plan.

**Finding Number 2000-7a:**

Statement of Conditions—The PHA paid some staff members and did not withhold FICA and Medicare.

Criteria—All employees should have FICA and Medicare withheld from payroll.

Effect—The effect is that the PHA had to pay both the PHA's share of these taxes as well as the staff members share of these taxes.

PHA Response—See corrective action plan.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

**Finding Number 2000-8a**

Statement of Conditions—Some individuals were employed by the PHA and treated as employees but recorded as contractors. The PHA provided no written contracts for any of these individuals. The PHA provided no documentation to indicate proper procurement for these services.

Criteria—Individuals that are hired and treated as employees should be classified as employees and have payroll taxes withheld.

Effect—The PHA violated Federal independent contractor/employee criteria and State Civil Service regulations.

PHA Response—See corrective action plan.

**Finding Number 2000-9a:**

Statement of Conditions—The PHA did not provide the fee accountant with timely documentation to allow for timely monthly financials.

Criteria—The monthly financials should be posted currently.

Effect—Staff simply did not provide the information timely. The effect is that the PHA had no way to properly control its finances.

PHA Response—See corrective action plan.

**Finding Number 2000-10a:**

Statement of Conditions—The audit is being printed late.

Criteria—The audit should be completed within 6 months of the fiscal year end.

Effect—Among other things, the fiscal year financials were not closed in a timely manner *allowing the audit to be completed timely*. The effect is that the PHA violated State law. The audit firm bears absolutely no responsibility for the late audit.

PHA Response—See corrective action plan.



***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

**Finding Number 2000-11a:** Intentionally Omitted

**Finding Number 2000-12a:** Intentionally Omitted

**Finding Number 2000-13a:**

Statement of Conditions—Board minutes indicate that some board members believe that the PHA paid for baseline security services out of the CGP and PHDEP programs. The PHA did not provide any RFP and written contract information for security services.

Criteria—The Sheriff's department should only be paid for security services above the baseline services provided to all parish residents. Security services should be procured using proper RFP's and include a written contract.

Effect—The PHA and the Parish Council may have violated the cooperation agreement between the PHA and the Parish. The PHA violated State and Federal laws and PHA procurement policies.

PHA Response—See corrective action plan.

**Finding Number 2000-14a:** Intentionally Omitted

**Finding Number 2000-15a:** Intentionally Omitted

**Finding Number 2000-16a:**

Statement of Conditions—We noted financial deficiencies including A) \$11,117.97 of old outstanding checks that were written off as of 9-30-2000, B) the rent register did not balance with the general ledger @ 9-30-2000 by \$13,550.00, C) there were numerous long distance calls to an internet service provider for 24 continuous hours by as many as 4 computers at a time, D) sales taxes were paid to many vendors, E) purchase orders were not used, F) invoices were not stamped "paid" resulting in at least 1 invoice double paid to a vendor in the amount of \$3,654.00, and G) the PHA does not know why Associates Capital Bank drafted on the PHA bank account on 12-16-99 in the amount of \$303.65.

Criteria—The PHA should properly control financial matters.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

Effect—The PHA did not adequately control finances.

PHA Response—See corrective action plan.

**Finding Number 2000-17a: Intentionally Omitted**

**Finding Number 2000-18a:**

Statement of Conditions— Account 1128 Deposits Over and Under is an account that the fee accountant enters bank deposits that are not properly accounted for. It should only include deposits in transit that clear out the following month. During the current year, the monthly entries ranged from \$114.25 to \$12,618.75. The beginning balance in this account was \$28,544.48 and the ending balance \$3,177.84.

Criteria—Account 1128 Deposits Over and Under should zero out each month. The PHA should adequately control it's receipts and bank deposits

Effect—The PHA exhibits a lack of control over this basic function. I consider this a very serious internal control malfunction.

PHA Response— See corrective action plan.

**Finding Number 2000-19a:**

Statement of Conditions—The PHA staff and commissioners extensively traveled during the year. Of the \$72,863.72 tested, the PHA adequately documented 8 transactions totaling \$4,565.44.

Criteria—The PHA should strictly follow its travel policy concerning pre authorization, source documentation attached to payments, travel advances settled up upon return including travel voucher completion and the payment of any over/under advance.

Effect—The PHA did not properly exercise controls over travel. The PHA overran it's \$22,950.00 travel budget by \$68,852.25.

PHA Response—See Corrective Action Plan

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

**Finding Number 2000-20a:**

Statement of Conditions—The mathematical calculation for the quarterly wage reports to the Federal and State governments for 2 quarters was incorrectly totaled. The total wages reported for the period ending 12-31-99 was incorrect by \$4,933.65. The wages reported for the period ending 6-30-2000 was incorrect by \$1,269.00. The wages reported on the general ledger totaled \$514,439 while the wages reported to the State and Federal governments quarterly totaled \$575,499.57, for a difference of \$61,060. We could not determine which, if either, were correct. During the fiscal year, the PHA made payments to the vendors in an irregular and late manner. At the end of the fiscal year the amount recorded as due the IRS for Federal withholding was \$14,378.22 and the amount owed the IRS for FICA and Medicare was recorded as \$34,949.44. The amount recorded as OVERPAID to the insurance company for Health Insurance withholding was \$6,066.90. On 5-18-2000 check 40892 in the amount of \$9,558.00 was all recorded to this withholding account which resulted in the overpayment being on the general ledger since then even though nothing has been paid the health provider since then.

Payments were made to the IRS only 9 months out of 12. Payments were made to the Health insurance provider only 5 months out of 12, the latest Health provider payment being on May 18, 2000.

Criteria—Wages reported to the State and Federal governments for payroll tax reports should be mathematically accurate. Wages per the general ledger should equal those reported to the State and Federal government for payroll tax reports. Payroll withholdings should be disbursed to the appropriate entities in a timely manner.

Effect—The PHA staff that reports this data may not be properly trained. The effect is that the PHA is in violation of Federal law regarding withholding and is not fulfilling its fiduciary responsibility toward its employees.

PHA Response—Please see Corrective Action Plan.



**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

**Finding Number 2000-21a:**

Statement of Conditions—Monies were wired to commissioners and staff members without adequate documentation. Check # 39742 was prepared in the amount of \$434 for the wire of \$400 to a commissioner. On 3-27-00 a check in the amount of \$543 was prepared for the wire of \$500 to a commissioner. On 1-12-2000 a check in the amount of \$1,285 was prepared for the wire of \$1,200 to a PHA staff member. This audit firm would provide more details had they been provided by the PHA.

Criteria—No monies should be expended without proper documentation.

Effect—PHA staff and commissioners violated all measures of internal control over cash management in that no documentation was provided to substantiate these transactions.

PHA Response—See Corrective Action Plan

**Finding Number 2000-22a:**

Statement of Conditions—On 7-6-2000 the PHA requested \$63,512.96 from HUD for the LA48P09570698 CGP Program. The supporting documentation provided by the PHA was a list of supposed expenditures paid including \$41,130 of monies paid to a the St John the Baptist Sheriff's Department for services with no proper procurement documentation, no contract documentation, and no adequate billing documentation in file. Additionally, 2 invoices in the amount of \$ 2,440.22 were drawn on where the checks paying for these cost were voided by the PHA.

HUD declined payment of the LOCCS draw request. The PHA subsequently forwarded additional documentation to HUD and reduced the draw request. As of 5-14-2001 HUD has not funded this draw request.

Criteria—No monies should be drawn from HUD without proper supporting documentation.

Effect—The effect of this is that the PHA has expended monies and has not been reimbursed by HUD.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

PHA Response—See Corrective Action Plan.

**Finding Number 2000-23a:**

Statement of Condition—The board of commissioners answered the following compliance questionnaire assertions with negative responses but failed to give the reasons. The questions answered negatively are as follows:

Is it true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119. The answer was NO!

We have complied with the Local Budget Act. The Board answered no to the 2 questions!

We have maintained record of our general fixed assets and movable property, as required by LSA-RS 24:515 and/or 39:321-332, as applicable. The answer was NO!

We have complied with the fiscal agency and cash management requirements of LSA-RS 39:1211-45 and 49:301-27, as applicable. The answer was NO!

Is it true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution LSA-RS 14:138, and AG opinion 79-729. The answer was NO!

Criteria—The Board of Commissioners should provide the auditor with assurance and /or reasons for non-assurance on compliance assertions.

Effect—The PHA Board of Commissioners admits that the PHA is in violation of State laws and regulations but has not provided any details of the violations.

PHA Response—See Corrective Action Plan

**Finding Number 2000-24a:**

Condition—On 7-28-2000 the PHA requested and received reimbursement from HUD for \$6,989.80 of expenditures toward this program for a cost coded as “Soul Circus”.

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Each and every item of reimbursement seems to lack any adequate documentation as follows:

DELORIS MARTIN -- \$1,650.00 -- Deloris Martin Check 41690 made payable to Delores Martin for \$1,650.00 for "tickets". We were provided no documentation for this.

ALLIED TICKETS -- \$330.00 -- neither a check to this company nor a receipt was provided

ALLIED TICKETS -- \$1,453.00 -- neither a check to this company nor a receipt was provided

NORMAN TAYLOR -- Checks in the amount of \$900.00 and 800.00, totaling \$1,700 with no documentation provided

VERONICA FONTENBERRY -- \$175.00 -- No documentation provided

WALTER RICHARDSON -- \$175.00 -- No documentation provided

DELORIS MARTIN -- \$750.00 -- No documentation provided, noted as "stipend"

TIP -- \$350.00 -- There is an invoice attached for a bus trip 7-28-2000

LANDMARK TEES -- \$141.80 -- There was no documentation provided for this.

ALLIED EXPRESS -- \$ 1,453.00 -- There was no documentation attached for this. There is a notation "circus tickets".

Attached to the documentation provided was a list of 43 names which indicate that these students attended the circus performance and each received a "stipend" of \$5.00.

Criteria—All expenditures should be supported by adequate documentation.

Effect—The PHA violated State and Federal law and HUD regulations by not gathering proper documentation.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

PHA Response—See Corrective Action Plan

**Finding Number 2000-25a:**

Statement of Conditions—Credit card abuse that we became aware of include:

- A) The executive director opened a credit card account in the name of the PHA without board authorization. The possibility that a former board member may have had the use of the credit card account does not suffice for board authorization.
- B) The PHA was unable to provide us with ANY credit card receipts and original monthly statements.
- C) Some of the copies of the monthly credit card statements provided to us were altered. Alteration included omitting transactions so a recalculation of the amounts listed totaled less than the amount stated as “total activity”. The 4-30-2000 statement omission totaled \$914.30.
- D) Other alterations of the copies of the monthly statements included changing the vendor names and amounts charged. Examples include a 3-20-2000 charge listed as to Host International Inc. in the amount of \$43.10. Comparison with the annual credit card statements reveals that the charge seems to have actually been to Dominate Fashion in the amount of \$143.10. Another example is a charge dated 4-26-2000 where the vendor is listed as the Gunter Hotel San Antonio, Tx. In the amount of \$250.00. Comparing the credit card annual summary results in only 1 charge for exactly \$250.00 and it is to Off Fifth, a department store in San Marcos, Tx.
- E) There are numerous other instances of similar activity but since we were not provided any original source documentation to work with a thorough analysis of credit card activity is impossible.

Criteria—Credit card use should be controlled just as any other method of paying for goods and services.

Effect—PHA staff and possibly former board members ignored virtually all proper procurement procedures. The effect is that the PHA violated State and Federal laws.

PHA Response—See Corrective Action Plan



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***SCHEDULE OF CURRENT AUDIT FINDINGS  
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**Finding Number 2000-26a:**

Statement of Conditions—In addition to amounts described in other findings, we could not confirm the following accounts:

Tenant Accounts Receivable—The rent register provided totaled \$670.00. The general ledger balance was \$14,020.00.

Accounts Receivable HUD—Of the general ledger balance of \$300,953, we could not confirm \$208,553.

Prepaid Insurance—No adequate documentation was provided to substantiate the \$68,350 recorded in the general ledger.

Fixed Assets—There was no physical inventory provided to document the \$14,763,815 of Low Rent fixed assets.

Tenant Security Deposits-- The security deposit register provided totaled \$28,284.00. The general ledger balance was \$60,856.

Payroll Withholdings—We could not confirm the FICA and Medicare balance of \$34,949.44, the Federal withholding balance of \$14,378.22, the overpaid Health withholding balance of \$6,066.90, and the Garnishment balance of \$6,528.00.

Accounts Payable HUD—Of the general ledger balance of \$90,402, we could confirm \$61,735.

Criteria—The PHA should maintain documentation to adequately support general ledger account balances.

Effect—The PHA may have employed staff untrained in many areas of PHA operations. One effect of this is that we could not express an opinion on the financial statements.

PHA Response—See Corrective Action Plan.



***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a all with HUD oversight:

**Finding Number 2000-1:**

Name of Program—Low Rent, Section 8, CGP, PHDEP

Criteria—The PHA should only expend monies when adequate documentation is provided.

Condition—The PHA disbursed funds without adequate documentation. Of the transactions tested, we found \$974,998 of expenditures that we were not provided adequate documentation. Inadequate documentation included A) payments to individuals/corporations where there was no contract in file (and one should have been), B) payments where the documentation was a vendor statement rather than vendor invoices, C) sales tax was paid, and D) no documentation whatever provided.

Questioned Costs—\$974,998

Perspective Information—During this fiscal year, the PHA expended \$1,442,229

Cause and Effect—PHA staff simply paid vendors with no or inadequate documentation. The effect was a complete lack of control over expenditures.

Recommendations—Authorized check signers should refuse to sign any check without adequate documentation attached.

PHA Response—We agree with this finding. Subsequent management requires adequate documentation prior to signing any check.

**Finding Number 2000-2:**

Name of Program—Low Rent, Section 8, CGP, PHDEP

Criteria—Per PHA policy, 2 signatures are required for all checks.

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***SCHEDULE OF CURRENT AUDIT FINDINGS  
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Condition—Authorized PHA check signers signed 205 checks in the amount of \$121,711.45 with 1 signature.

Questioned Costs—\$121,711.45.

Perspective Information—The PHA expended \$1,442,229 during the fiscal year.

Cause and Effect—PHA check signers ignored PHA policy. The effect was a lack of proper control over expenditures.

Recommendations—PHA check signers require 2 signatures.

PHA Response—We agree with this finding. Subsequent management requires 2 signatures for all checks.

**Finding Number 2000-3:**

Name of Program—Low Rent, Comprehensive Grant Program (CGP), Public Housing Drug Elimination Program (PHDEP)

Criteria—The executive director is only authorized to overspend the budget by 5% in any budget category.

Condition—The executive director overspent the Low Rent budget by 53% in category specific amounts. Category overruns were as follows:

Administrative Salaries	8,709
Legal	18,849
Travel	68,852
Accounting	1,066
Auditing	5,950
Sundry	158,836
Tenant Service Salaries	3,579
Tenant Service Contract Cost	8,608
Water	9,309
Electricity	18,651
Maintenance Labor	111,221

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Materials	95,829
Contract Costs	200,486
Employee Benefits	24,027
Collection Losses	3,504
General Expense—Unidentified	<u>46,477</u>
Total Low Rent	783,953

The executive director overspent the CGP program budget for the 1998 program by \$26,937. This program has a zero tolerance regarding overruns.

The executive director overspent the 1998 PHDEP program budget by \$1,576.11 and the 1999 PHDEP program budget by \$14,004.55. This program has a zero tolerance regarding overruns.

Questioned Costs—None

Perspective Information—This was a systemic problem within this PHA. The Low Rent operating expenditure budget was \$1,480,290. The 1998 CGP budget was \$472,296. The 1998 PHDEP budget was \$95,076.11 and the 1999 PHDEP budget was \$83,505.55.

Cause and Effect—The PHA seems to have expended monies with no regard to the board approved budget. The PHA violated State law and PHA policies.

Recommendations—The PHA should closely monitor expenditures versus budget.

PHA Response—We agree with this finding. Subsequent management verifies that all expenditures are within budget.

**Finding Number 2000-4:**

Name of Program—All PHA programs

Criteria—Vendors should only be paid once for any expenditure. The PHA should control assets it acquires. No staff member should cash checks without proper documentation. The board should approve the opening of any account obligating the PHA. Staff should be paid at the rates approved. All employees should have proper payroll withholdings. Employees should be reported as such and not as independent

***SCHEDULE OF CURRENT AUDIT FINDINGS  
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contractors. Vacation pay should be at correct pay rates. The PHA should not pay advances to anyone.

Condition---

- A) A PHA staff member directed other staff to reimburse him in the amount of \$1,402.33 for a laptop computer. Staff indicates that the vendor was also paid directly for the same computer. Additionally, staff indicates that the computer is not at the PHA.
- B) Two PHA checks were cashed at a hotel front desk with no documentation in the amount of \$200.00.
- C) A PHA staff member authorized and hosted 2 unauthorized luncheons in the amount of \$827.77.
- D) A PHA staff member had staff pay him \$750.00 for supposed reimbursement to contractors without adequate documentation.
- E) A PHA staff member opened a PHA credit card account without board approval.
- F) The PHA executed an employment contract with an employee effective February 1, 2000. The contract calls for compensation in the amount of \$57,000 annually. During the period from February 1, 2000 and the staff member termination date of September 29, 2000, the staff member earned \$38,000 per the contract. Records supplied to us indicate that the staff member was paid \$50,475 in salary during this period. It appears that the staff member was overpaid by \$12,475 during this period.
- G) The employment agreement referred to above clearly designates the staff member as the "Employee" and the PHA as the "Employer." However, the staff member directed other staff to not withhold payroll taxes from his paychecks. For 2 quarters during the fiscal year his earnings were reported as payroll. The staff member was issued a 1099 as of 12-31-2000 in the amount of \$66,022.22. We were not furnished a W-2 for this staff member.



***SCHEDULE OF CURRENT AUDIT FINDINGS  
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(continued)***

- H) The same employment agreement recited that the staff member would earn a total of 12 days of vacation time each calendar year. Since the employee worked 8 months under this contract, he apparently earned 8 days of vacation time. The staff member was paid a total of 15 days vacation during the contract period. It appears that the staff member was overpaid 7 days. Additionally, the staff member was paid vacation pay at the daily rate of \$306.96. We calculate that it should have been paid at the daily rate of \$219.23. It appears that the staff member was overpaid a total of \$2,850.88. It is also noted that we were provided no timesheets or records to otherwise document attendance on this staff member.
- I) On April 1, 2000 a staff member received an advance in the amount of \$1,000.00. He reimbursed the PHA this amount over the next 5 pay periods. State law does not allow advances.
- J) On September 1, 2000, a staff member had a check made out to a vendor in the amount of \$1,750.00. The vendor endorsed the check and then the PHA staff member endorsed the same check.

Questioned Costs—\$18,505.98

Perspective Information—The above described transactions seem to be made by 1 staff member.

Effect—It appears that State and Federal laws as well as PHA policies were violated.

Recommendations—The PHA should enforce policies and laws and regulations to prevent financial management abuse. It appears that this staff member did reimburse the PHA in the amount of \$1,100.00, although the PHA could not provide documentation to confirm this.

PHA Response—We agree with this finding.

**Finding Number 2000-5:**

Name of Program—Low Rent, Section 8, CGP, PHDEP

Criteria—Proper documentation should be provided the fee accountant for all expenditures.



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(continued)***

Condition—The PHA issued 53 checks in the amount of \$46,477.39 without providing any documentation to the fee accountant. The fee accountant was not even provided copies of the checks for these disbursements. THE CHECKS SIMPLY CLEARED THE BANK. The fee accountant coded these checks to general expenditures to properly include them in the expenditures and properly notified the auditor of this action so the auditor could address this situation during the audit.

Questioned Costs—\$46,477.39

Perspective Information—During the fiscal year, PHA expended approximately \$1,442,229.

Cause and Effect—The PHA did not properly document expenditures. The PHA violated State and Federal law and PHA policies and did not properly control assets.

Recommendations—The PHA not expend any monies without proper documentation.

PHA Response—We agree with this finding.

**Finding Number 2000-6:**

Name of Program—Low Rent, Section 8, CGP, PHDEP

Criteria—The PHA should properly procure services including Requests for Proposals (RFP) and written contracts.

Condition—The PHA has not provided documentation for RFP and written contracts for A) PHA attorneys who were paid \$33,849.34, B) Executive Directors who were paid \$34,354.68, C) Sheriff Department Security Patrol who were paid \$87,330.00, D) Construction Work in the amount of \$5,890.00, E) Pest Control in the amount of \$6,700.00, and F) SEMAP Pre Confirmatory Review in the amount of \$9,500.00.

Questioned Costs—\$177,624.02

Perspective Information—We were not provided adequate RFP and written contract information for any contract that we asked for except for 1. The 1 contract provided did not include any RFP or other bidding documentation.

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Cause and Effect—The PHA seemed to ignore all procurement requirements. This violated State and Federal law and PHA policies.

Recommendations—The PHA should follow State and Federal law as well as it's own procurement policy.

PHA Response—We agree with this finding.

**Finding Number 2000-7:**

Name of Program—Low Rent

Criteria—All employees should have FICA and Medicare withheld from payroll.

Condition—The PHA paid some staff members and did not withhold FICA and Medicare.

Questioned Costs—None

Perspective Information—In the test sample which consisted of 2 of the 12 months included in this fiscal year, there were 50 payments to employees. Thirty one (31) of the 50 payments did include withholdings. Nineteen (19) of the 50 payments included no withholdings. During the fiscal year the PHA coded \$484,759 to payroll. Our test sample totaled \$47,847.

Cause and Effect—The effect is that the PHA had to pay both the PHA's share of these taxes as well as the staff members share of these taxes.

Recommendations—The PHA withhold FICA and Medicare taxes on all staff members.

PHA Response—We agree with this finding.

**Finding Number 2000-8:**

Name of Program—Low Rent

Criteria—Individuals that are hired and treated as employees should be classified as employees and have payroll taxes withheld.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
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(continued)***

Condition—Some individuals were employed by the PHA and treated as employees but recorded as contractors. The PHA provided no written contracts for any of these individuals. The PHA provided no documentation to indicate proper procurement for these services.

Questioned Costs—None – It is noted that we would question all of these costs if the PHA would provide us with the amounts paid these individuals.

Perspective Information—We tested 2 payroll periods. Our testing resulted in 4 individuals during 1 test period and 9 individuals during another test period that were recorded as contractors when, in fact, PHA staff indicates that the terms of their labor would indicate that they be treated as employees per IRS regulations.

Cause and Effect—The PHA violated Federal independent contractor/employee criteria and State Civil Service regulations.

Recommendations—All future staff members that are in fact employees should be treated as such.

PHA Response—We agree with this finding.

**Finding Number 2000-9:**

Name of Program—Low Rent, Section 8, CGP, PHDEP

Criteria—The monthly financials should be posted currently.

Condition—The PHA did not provide the fee accountant with timely documentation to allow for timely monthly financials.

Questioned Costs—None

Perspective Information—This matter is entity wide.

Cause and Effect—Staff simply did not provide the information timely. The effect is that the PHA had no way to properly control its finances.

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Recommendations—PHA staff should provide accurate financials to the fee accountant on a timely basis.

PHA Response—We agree with this finding.

**Finding Number 2000-10:**

Name of Program—Low Rent, Section 8, CGP, PHDEP

Criteria—The audit should be completed within 6 months of the fiscal year end.

Condition—The audit is being printed late.

Questioned Costs—None

Perspective Information—This is entity wide.

Cause and Effect—Among other things, the fiscal year financials were not closed in a timely manner allowing the audit to be completed timely. The effect is that the PHA violated State law. The audit firm bears absolutely no responsibility for the late audit.

Recommendations—The PHA should ensure that the financials are timely.

PHA Response—We agree with this finding.

**Finding Number 2000-11:**

Name of Program—Low Rent, Section 8, CGP, PHDEP

Criteria—Board minutes should be transcribed in a timely manner

Condition—The PHA was unable to provide transcribed board minutes after the 12-18-2000 board meeting. No minutes of any Executive Session were provided.

Questioned Costs—None

Perspective Information—This is entity wide.

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(continued)***

Cause and Effect—Management changes have caused some transition problems. One effect is that the auditor encountered a scope limitation.

Recommendations—All board minutes should be transcribed timely.

PHA Response—We agree with this finding.

**Finding Number 2000-12:**

Name of Program—Low Rent

Criteria—Board members should be paid for attendance at board meetings only when they attend.

Condition—Board members were paid whether or not they attended board meetings.

Questioned Costs—None

Perspective Information—Board members were paid \$600.00 for 10 meetings that they did not attend.

Cause and Effect—The PHA routinely paid the commissioners whether or not they attended meetings.

Recommendations—Board members should only be paid for attendance at board meetings.

PHA Response—We agree with this finding.

**Finding Number 2000-13:**

Name of Program—CGP, PHDEP

Criteria—The Sheriff's department should only be paid for security services above the baseline services provided to all parish residents. Security services should be procured using proper RFP's and include a written contract.



***SCHEDULE OF CURRENT AUDIT FINDINGS  
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(continued)***

Condition—Board minutes indicate that some board members believe that the PHA paid for baseline security services out of the CGP and PHDEP programs. The PHA did not provide any RFP and written contract information for security services.

Questioned Costs—None

Cause and Effect—The PHA and the Parish Council may have violated the cooperation agreement between the PHA and the Parish. The PHA violated State and Federal laws and PHA procurement policies.

Recommendations—The PHA should evaluate base line security services and ensure that the PHA only pays for services above the baseline services. Security services should be properly procured and documented by written contracts.

PHA Response—We agree with this finding.

**Finding Number 2000-14:**

Name of Program—Section 8

Criteria—Tenant files should include adequate documentation to satisfy HUD regulations.

Condition—Testing of 8 tenant files resulted in the following deficiencies:

- 2 lacked HQS inspections
- 6 lacked lead based paint notices
- 4 included missing signatures
- 2 lacked income verification
- 1 lacked birth certificate documentation

Questioned Costs—None

Perspective Information—We tested 8 files of 104 potential active files.

Cause and Effect—Prior PHA staff was untrained in adequate tenant file documentation. Current PHA Section 8 staff is adequately trained and experienced and is correcting deficiencies in an orderly manner.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

Recommendations—Continue the orderly correction of deficiencies. It may be necessary to hire additional Section 8 staff to correct this problem in a timely manner.

PHA Response—We agree with this finding.

**Finding Number 2000-15:**

Name of Program—Low Rent

Criteria—Annual HQS inspections should be properly conducted.

Condition—A) the PHA did not document that all units were inspected, B) no work orders were issued for non emergency conditions found during the inspection, C) 2 of the 8 inspection reports tested seemed to draw the wrong conclusion (pass, fail, inconclusive), D) the PHA provided no documentation to indicate that proper procurement of the inspection contractor was done.

Questioned Costs—None

Perspective Information—This appears to be an entity wide matter for the Low Rent program.

Cause and Effect—The PHA did not adequately document inspections. It is not possible to determine if all units were properly inspected and it appears that corrective action was not initiated for deficiencies found.

Recommendations—The PHA conduct an proper annual inspection of all units, properly document that inspection, and issue work orders to correct all deficiencies found.

PHA Response—We agree with this finding.

**Finding Number 2000-16:**

Name of Program—Low Rent, Section 8, CGP, PHDEP

Criteria—The PHA should properly control financial matters.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
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(continued)***

Condition—We noted financial deficiencies including A) \$11,117.97 of old outstanding checks that were written off as of 9-30-2000, B) the rent register did not balance with the general ledger @ 9-30-2000 by \$13,550.00, C) there were numerous long distance calls to an internet service provider for 24 continuous hours by as many as 4 computers at a time, D) sales taxes were paid to many vendors, E) purchase orders were not used, F) invoices were not stamped “paid” resulting in at least 1 invoice double paid to a vendor in the amount of \$3,654.00, and G) the PHA does not know why Associates Capital Bank drafted on the PHA bank account on 12-16-99 in the amount of \$303.65.

Questioned Costs—None

Perspective Information—This condition was entity wide.

Cause and Effect—The PHA did not adequately control finances.

Recommendations—The PHA should purge outstanding checks timely, any rent register imbalance should be immediately identified and corrected, telephone invoices should be reviewed each month, the PHA should not pay any sales taxes, purchase orders should be used per PHA policy, and invoices should be marked “paid” to avoid duplicate payment.

PHA Response—We agree with this finding.

**Finding Number 2000-17:**

Name of Program—Low Rent and Section 8

Criteria—The PHA should retain MASS and SEMAP self scoring management evaluation report documentation.

Condition—The PHA did not provide any worksheets for MASS and SEMAP reporting.

Questioned Costs—None

Perspective Information—This concerns both programs entirely.

Cause and Effect—The effect is that the PHA did not satisfy the audit requirements. Per HUD regulation, the PHA should be referred to the Troubled Agency Recovery Center (TARC) because it did not provide the auditor with the MASS worksheet documentation.

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(continued)***

Recommendations—I recommend that the PHA retain source documentation for all responses to MASS and SEMAP.

PHA Response—We agree with this finding.

**Finding Number 2000-18:**

Name of Program-- Low Rent and Section 8

Criteria—Account 1128 Deposits Over and Under should zero out each month. The PHA should adequately control receipts and bank deposits.

Condition— Account 1128 Deposits Over and Under is an account that the fee accountant enters bank deposits that are not properly accounted for. It should only include deposits in transit that clear out the following month. During the current year, the monthly entries ranged from \$114.25 to \$12,618.75. The beginning balance in this account was \$28,544.48 and the ending balance \$3,177.84.

Questioned Costs—None

Perspective Information—Rents charged for the year totaled \$286,253.

Cause and Effect—The PHA exhibits a lack of control over this basic function. I consider this a very serious internal control malfunction.

Recommendations—The PHA should balance the rent register to the general ledger and to the bank deposits on a monthly basis. Any imbalance should be aggressively reconciled immediately.

PHA Response— We agree with this finding.

**Finding Number 2000-19:**

Name of Program—All Programs

Criteria—The PHA should strictly follow its travel policy concerning pre authorization, source documentation attached to payments, travel advances settled up upon return including travel voucher completion and the payment of any over/under advance.



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(continued)***

Condition—The PHA staff and commissioners extensively traveled during the year. Of the \$72,863.72 tested, the PHA adequately documented 8 transactions totaling \$4,565.44.

Questioned Costs—\$68,298.28

Perspective Information—We tested \$72,863.72 of the \$91,802.25 charged to travel this year.

Cause and Effect—The PHA did not properly exercise controls over travel. The PHA overran it's \$22,950.00 travel budget by \$68,852.25.

Recommendations—The PHA staff and commissioners should strictly follow the PHA's travel policy.

PHA Response—See Corrective Action Plan

**Finding Number 2000-20:**

Name of Program—All Programs

Criteria—Wages reported to the State and Federal governments for payroll tax reports should be mathematically accurate. Wages per the general ledger should equal those reported to the State and Federal government for payroll tax reports. Payroll withholdings should be disbursed to the appropriate entities in a timely manner.

Condition—The mathematical calculation for the quarterly wage reports to the Federal and State governments for 2 quarters was incorrectly totaled. The total wages reported for the period ending 12-31-99 was incorrect by \$4,933.65. The wages reported for the period ending 6-30-2000 was incorrect by \$1,269.00. The wages reported on the general ledger totaled \$514,439 while the wages reported to the State and Federal governments quarterly totaled \$575,499.57, for a difference of \$61,060. We could not determine which, if either, were correct.

During the fiscal year, the PHA made payments to the vendors in an irregular and late manner. At the end of the fiscal year the amount recorded as due the IRS for Federal withholding was \$14,378.22 and the amount owed the IRS for FICA and Medicare was recorded as \$34,949.44. The amount recorded as OVERPAID to the insurance company for Health Insurance withholding was \$6,066.90. On 5-18-2000 check 40892 in the



***SCHEDULE OF CURRENT AUDIT FINDINGS  
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(continued)***

amount of \$9,558.00 was all recorded to this withholding account which resulted in the overpayment being on the general ledger since then even though nothing has been paid the health provider since then.

Payments were made to the IRS only 9 months out of 12. Payments were made to the Health insurance provider only 5 months out of 12, the latest Health provider payment being on May 18, 2000.

Questioned Costs—None

Perspective Information—The wage reports provided to us for the fiscal year totaled \$575,499.57. Simple math calculations produced inaccurate totaling in the amount of \$6,202.65. The difference in the wages reported on the general ledger versus the quarterly governmental reports totaled \$61,060. The amount recorded as due the IRS for FICA and Medicare was more than the PHA should owe for one (1) quarter alone.

Cause and Effect—The PHA staff that reports this data may not be properly trained. The effect is that the PHA is in violation of Federal law regarding withholding and is not fulfilling its fiduciary responsibility toward its employees.

Recommendations—Strict adherence to State and Federal law should be immediately required of employees.

PHA Response—Please see Corrective Action Plan.

**Finding Number 2000-21:**

Name of Program—Low Rent

Criteria—No monies should be expended without proper documentation.

Condition—Monies were wired to commissioners and staff members without adequate documentation. Check # 39742 was prepared in the amount of \$434 for the wire of \$400 to a commissioner. On 3-27-00 a check in the amount of \$543 was prepared for the wire of \$500 to a commissioner. On 1-12-2000 a check in the amount of \$1,285 was prepared for the wire of \$1,200 to a PHA staff member. This audit firm would provide more details had they been provided by the PHA.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

Questioned Costs—\$2,262

Perspective Information—Based on the information that was provided to us during the course of our audit, these were the only 3 cases of bank wires that we found.

Cause and Effect—PHA staff and commissioners violated all measures of internal control over cash management in that no documentation was provided to substantiate these transactions.

Recommendations—We recommend that no wiring of monies be allowed in the future.

PHA Response—See Corrective Action Plan.

**Finding Number 2000-22:**

Name of Program—Comprehensive Grant Program (CGP)

Criteria—No monies should be drawn from HUD without proper supporting documentation.

Condition—On 7-6-2000 the PHA requested \$63,512.96 from HUD for the LA48P09570698 CGP Program. The supporting documentation provided by the PHA was a list of supposed expenditures paid including \$41,130 of monies paid to a the St John the Baptist Sheriff's Department for services with no proper procurement documentation, no contract documentation, and no adequate billing documentation in file. Additionally, 2 invoices in the amount of \$ 2,440.22 were drawn on where the checks paying for these cost were voided by the PHA.

HUD declined payment of the LOCCS draw request. The PHA subsequently forwarded additional documentation to HUD and reduced the draw request. As of 5-14-2001 HUD has not funded this draw request.

Questioned Costs—\$65,953.18

Perspective Information—This was the only draw on this program during the fiscal year.

Cause and Effect—The effect of this is that the PHA has expended monies and has not been reimbursed by HUD.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

Recommendations—The PHA should adopt a procedure for expending and drawing grant monies in accordance with HUD regulations.

PHA Response—See Corrective Action Plan.

**Finding Number 2000-23:**

Name of Program—All Programs

Criteria—The Board of Commissioners should provide the auditor with assurance and /or reasons for non-assurance on compliance assertions.

Condition—The board of commissioners answered the following compliance questionnaire assertions with negative responses but failed to give the reasons. The questions answered negatively are as follows:

Is it true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119. The answer was NO!

We have complied with the Local Budget Act. The Board answered no to the 2 questions!

We have maintained record of our general fixed assets and movable property, as required by LSA-RS 24:515 and/or 39:321-332, as applicable. The answer was NO!

We have complied with the fiscal agency and cash management requirements of LSA-RS 39:1211-45 and 49:301-27, as applicable. The answer was NO!

Is it true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution LSA-RS 14:138, and AG opinion 79-729. The answer was NO!

Questioned Costs—None

Perspective Information—This is entity wide.

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

Cause and Effect—The PHA Board of Commissioners admits that the PHA is in violation of State laws and regulations but has not provided any details of the violations.

Recommendations—We recommend that the Board of Commissioners detail all negative responses to the State questionnaire.

PHA Response—See Corrective Action Plan.

**Finding Number 2000-24:**

Name of Program—Public Housing Drug Elimination Program

Criteria—All expenditures should be supported by adequate documentation.

Condition—On 7-28-2000 the PHA requested and received reimbursement from HUD for \$6,989.80 of expenditures toward this program for a cost coded as “Soul Circus”. Each and every item of reimbursement seems to lack any adequate documentation as follows:

DELORIS MARTIN -- \$1,650.00 -- Deloris Martin Check 41690 made payable to Delores Martin for \$1,650.00 for “tickets”. We were provided no documentation for this.

ALLIED TICKETS -- \$330.00 -- neither a check to this company nor a receipt was provided

ALLIED TICKETS -- \$1,453.00 -- neither a check to this company nor a receipt was provided

NORMAN TAYLOR -- Checks in the amount of \$900.00 and 800.00, totaling \$1,700 with no documentation provided

VERONICA FONTENBERRY -- \$175.00 -- No documentation provided

WALTER RICHARDSON -- \$175.00 -- No documentation provided

DELORIS MARTIN -- \$750.00 -- No documentation provided, noted as “stipend”



***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

TIP -- \$350.00 -- There is an invoice attached for a bus trip 7-28-2000

LANDMARK TEES -- \$141.80 -- There was no documentation provided for this.

ALLIED EXPRESS -- \$ 1,453.00 -- There was no documentation attached for this. There is a notation "circus tickets".

Attached to the documentation provided was a list of 43 names which indicates that these students attended the circus performance and each received a "stipend" of \$5.00.

Questioned Costs—\$8,177.80

Perspective Information—This was the only such resident trip that we were made aware of.

Cause and Effect—The PHA violated State and Federal law and HUD regulations by not gathering proper documentation.

Recommendations—We recommend that the PHA follow all laws and regulations.

**Finding Number 2000-25:**

Name of Program—All Programs

Criteria—Credit card use should be controlled just as any other method of paying for goods and services.

Condition—Credit card abuse that we became aware of include:

- A) The executive director opened a credit card account in the name of the PHA without board authorization. The possibility that a former board member may have had the use of the credit card account does not suffice for board authorization.
- B) The PHA was unable to provide us with ANY credit card receipts and original monthly statements.
- C) Some of the copies of the monthly credit card statements provided to us were altered. Alteration included omitting transactions so a recalculation of the



***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

- D) amounts listed totaled less than the amount stated as “total activity”. The 4-30-2000 statement omission totaled \$914.30.
- E) Other alterations of the copies of the monthly statements included changing the vendor names and amounts charged. Examples include a 3-10-2000 charge listed as to Host International Inc. in the amount of \$43.10. Comparison with the annual credit card statements reveals that the charge seems to have actually been to Dominate Fashion in the amount of \$143.10. Another example is a charge dated 4-26-2000 where the vendor is listed as the Gunter Hotel San Antonio, Tx. In the amount of \$250.00. Comparing the credit card annual summary results in only 1 charge for exactly \$250.00 and it is to Off Fifth, a department store in San Marcos, Tx.
- F) There are numerous other instances of similar activity but since we were not provided any original source documentation to work with a thorough analysis of credit card activity is impossible.

**Questioned Costs**—We would question all charges to the credit card. However, we were not provided enough documentation to even determine how much was charged.

**Perspective Information**—The scope limitation does not allow us to provide prospective information.

**Cause and Effect**—PHA staff and possibly former board members ignored virtually all proper procurement procedures. The effect is that the PHA violated State and Federal laws.

**Recommendations**—Close the credit card account.

Please note that we have referred details on what we did find in this area to the HUD OIG Criminal Division.

**PHA Response**—See Corrective Action Plan.

**Finding Number 2000-26:**

**Name of Program**—All Programs

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

**Criteria**—The PHA should maintain documentation to adequately support general ledger account balances.

**Condition**—In addition to amounts described in other findings, we could not confirm the following accounts:

Tenant Accounts Receivable—The rent register provided totaled \$670.00. The general ledger balance was \$14,020.00.

Accounts Receivable HUD—Of the general ledger balance of \$300,953, we could not confirm \$208,553.

Prepaid Insurance—No adequate documentation was provided to substantiate the \$68,350 recorded in the general ledger.

Fixed Assets—There was no physical inventory provided to document the \$14,763,815 of Low Rent fixed assets.

Tenant Security Deposits-- The security deposit register provided totaled \$28,284.00. The general ledger balance was \$60,856.

Payroll Withholdings—We could not confirm the FICA and Medicare balance of \$34,949.44, the Federal withholding balance of \$14,378.22, the overpaid Health withholding balance of \$6,066.90, and the Garnishment balance of \$6,528.00.

Accounts Payable HUD—Of the general ledger balance of \$90,402, we could confirm \$61,735.

**Questioned Costs**—None

**Perspective Information**—The assets and liabilities combined total \$16,445,143. The amount that we could not confirm was \$15,177,228.

**Cause and Effect**—The PHA may have employed staff untrained in many areas of PHA operations. One effect of this is that we could not express an opinion on the financial statements.

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS  
(continued)***

Recommendations—We recommend training of staff. Of particular concern is the imbalances in Tenant Accounts Receivable and Tenant Security Deposits. This basic apartment rental function should have adequate control.

PHA Response—See Corrective Action Plan.

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CORRECTIVE ACTION PLAN***

**Finding Number 2000-1:**

Person Responsible—Executive Director

Anticipated Completion Date—6-2001

Action Planned—We will evaluate all contractor status and ensure all are properly procured. In 10-2000, with the change in management, we began signing checks only with proper documentation attached.

**Finding Number 2000-2:**

Person Responsible—Executive Director

Anticipated Completion Date—10-2000

Action Planned—With the change in management we began requiring 2 signatures for all checks.

**Finding Number 2000-3:**

Person Responsible—Executive Director

Anticipated Completion Date—6-2001

Action Planned—We will have the monthly financials updated and we will monitor budget versus actual.

**Finding Number 2000-4:**

Person Responsible—Executive Director

Anticipated Completion Date—10-2000

Action Planned—With the change of management we have ensured that no one staff member can improperly disburse funds.

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CORRECTIVE ACTION PLAN  
(continued)***

**Finding Number 2000-5:**

Person Responsible—Executive Director

Anticipated Completion Date—10-2000

Action Planned—With the change of management we have included proper source documentation for all expenditures.

**Finding Number 2000-6:**

Person Responsible—Executive Director

Anticipated Completion Date—6-2001

Action Planned—We will evaluate all contracts and properly procure these services.

**Finding Number 2000-7:**

Person Responsible—Executive Director

Anticipated Completion Date—

Action Planned—

**Finding Number 2000-8:**

Person Responsible—Executive Director

Anticipated Completion Date—6-30-01

Action Planned—We will analyze all staff members positions and properly report employees as employees rather than contractors.

**Finding Number 2000-9:**

Person Responsible—Executive Director

Anticipated Completion Date—6-2001



**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CORRECTIVE ACTION PLAN  
(continued)***

Action Planned—We will provide the fee accountant with all documentation needed to provide timely monthly financial statements.

**Finding Number 2000-10:**

Person Responsible—Executive Director

Anticipated Completion Date—2-2001

Action Planned—We will have the fee accountant close out the financials timely so the auditor can complete the audit timely.

**Finding Number 2000-11:**

Person Responsible—Executive Director

Anticipated Completion Date—5-15-2001

Action Planned—We will timely transcribe all board minutes. We will provide future auditors with minutes of the Executive Sessions.

**Finding Number 2000-12:**

Person Responsible—Executive Director

Anticipated Completion Date—4-2001

Action Planned—We will only pay board members for meetings attended.

**Finding Number 2000-13:**

Person Responsible—Executive Director

Anticipated Completion Date—6-2001

Action Planned—We will review security services for baseline coverage and properly procure future security services.

***SCHEDULE OF CORRECTIVE ACTION PLAN  
(continued)***

**Finding Number 2000-14:**

Person Responsible—Executive Director

Anticipated Completion Date—8-2001

Action Planned—We will review staffing and plan for the orderly correction of tenant files.

**Finding Number 2000-15:**

Person Responsible—Executive Director

Anticipated Completion Date—8-2001

Action Planned—We will properly inspect, document that inspection, and write corrective work orders for all deficiencies found.

**Finding Number 2000-16:**

Person Responsible—Executive Director

Anticipated Completion Date—6-2001

Action Planned—With the change of management we and the updating of the financials we have/will A) control all outstanding checks, B) balance the rent register to the general ledger monthly, C) negotiate with an internet service provider that offers local telephone service at reasonable rates, D) eliminate sales taxes paid to vendors, E) instituted purchase orders 10-2000, and F) mark all invoices “paid”.

**Finding Number 2000-17:**

Person Responsible—Executive Director

Anticipated Completion Date—11-2001

Action Planned—We will retain source documentation for all entries to the MASS and SEMAP reports for FYE 9-30-2001.

***SCHEDULE OF CORRECTIVE ACTION PLAN  
(continued)***

**Finding Number 2000-18:**

Person Responsible—Executive Director

Anticipated Completion Date—6-30-01

Action Planned—We will analyze this account on a monthly basis and trace down any imbalances.

**Finding Number 2000-19:**

Person Responsible—Executive Director

Anticipated Completion Date—10-2000

Action Planned—With the change in management we began enforcing our travel policy.

**Finding Number 2000-20:**

Person Responsible—Executive Director

Anticipated Completion Date—6-01

Action Planned—We will review all payroll tax reports and correct any mistakes found.

**Finding Number 2000-21:**

Person Responsible—Executive Director

Anticipated Completion Date—10-2000

Action Planned—With the change in management we discontinued wire transfers.

**Finding Number 2000-22:**

Person Responsible—Executive Director

Anticipated Completion Date—6-01

**Housing Authority of St. John the Baptist Parish  
LaPlace, Louisiana**

***SCHEDULE OF CORRECTIVE ACTION PLAN***  
***(continued)***

Action Planned—We will correct this draw and ensure that future draws are properly documented.

**Finding Number 2000-23:**

Person Responsible—Executive Director

Anticipated Completion Date—9-01

Action Planned—For the next audit we will provide details to all negatively answered questions.

**Finding Number 2000-24:**

Person Responsible—Executive Director

Anticipated Completion Date—10-2000

Action Planned—With the change in management we began requiring proper documentation for all expenditures.

**Finding Number 2000-25:**

Person Responsible—Executive Director

Anticipated Completion Date—10-2000

Action Planned—

**Finding Number 2000-26:**

Person Responsible—Executive Director

Anticipated Completion Date—9-30-01

Action Planned— We will provide the fee accountant with adequate documentation to support all general ledger accounts.